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Prime Minister's schedule, January 19, 2007

NIHON KEIZAI (Page 2) (Full)
January 18, 2007

09:30
Met with Vice Defense Minister Moriya, Defense Policy Bureau
Director General Oko and Defense Agency Headquarters head Mukunoki
at the Kantei.

10:06
Met with State Minister for Economic and Fiscal Policy Ota, Special
Advisor to the Prime Minister Nemoto. Nemoto remained. Then met with
Vice Foreign Minister Yachi.

11:21

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Met with the Israeli Foreign Minister Livni. Then met with Special
Advisor to the Prime Minister Yamatani.

12:15
Met with Michael Green, former senior director for Asian affairs at
the US National Security Council. Special Advisor to the Prime
Minister Koike was present.

14:02
Met with Deputy Chief Cabinet Secretaries Shimomura, Suzuki and
Matoba, joined by Chief Cabinet Secretary Shiozaki.

15:06
Met with US actor Will Smith, followed by Koike. Then met with Diet
Policy Committee Chairman Nikai and New Komeito Diet Policy
Committee Chairman Urushibara.

16:08
Met participants of the Youth Voyage scheme. Then met with Cabinet
Intelligence Director Mitani.

17:04
Council on Economic and Fiscal Policy meeting.

18:58
Dined at Yamazato, a Japanese restaurant at Hotel Okura, with LDP
caucus in the Upper House head Aoki and secretary general Katayama
and Shiozaki.

20:36
Arrived at the official residence.

4) DPRK refuses talks with Abe administration

SANKEI (Page 5) (Full)
January 19, 2007

The ruling Liberal Democratic Party's Deputy Secretary General
Ryotaro Tanose yesterday revealed that when he, along with former
LDP Vice President Taku Yamasaki, visited North Korea recently, the
North Koreans told them: "We don't want to have talks with the
current administration of Japan. We are not going to propose talks
on the normalization of diplomatic ties." He thus made it clear that
Pyongyang indicated it would refuse talks with the Abe
administration. Tanose also revealed that Yamasaki had looked for
opportunities three times since last May for him to visit North
Korea.

5) Association of the Families of Victims Kidnapped by North Korea
criticizes Yamasaki's North Korea visit; Toru Hasuike says media
reporting on his appreciation of Yamasaki's visit to DPRK was
"wrong"

"He's playing to the gallery." "It's dual diplomacy." These remarks came from the families of abductees about the recent visit to North Korea by Taku Yamasaki, former vice president of the ruling Liberal Democratic Party (LDP). At a gathering held in Tokyo late yesterday, relatives of abductees were all critical of Yamasaki's visit. Shigeru Yokota, 74, representative of the Association of the

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Families of Victims Kidnapped by North Korea and the father of abductee Megumi Yokota, abducted at the age of 13, commented: "It's a negative to make a solo visit to North Korea without approval by the government."

Teruaki Masumoto, 51, secretariat chief of the association and the younger brother of abductee Rumiko Masumoto, abducted at the age of 24, said at the gathering that he asked on the phone Toru Hasuike, 52, deputy representative of the association and the elder brother of abductee Kaoru Hasuike, 49, about some media's reporting that (Toru Hasuike) met with Yamasaki on Jan. 17 and "appreciated (Yamasaki's) visit to North Korea." According to Masumoto, Toru told him: "I simply said, 'I don't totally oppose (the visit to North Korea), but this remark was reported as 'I appreciated it.' It's definitely wrong to do so. I felt like I was exploited by Mr. Yamasaki. I was careless."

Toru edged up to Yamasaki, asking, "Isn't that an act of self-advertisement?" and "Why don't you act together with the government?" Yamasaki simply reiterated his position on his visit to North Korea. The meeting between the two took place at Toru's request made in his private capacity. When Toru arrived at the place of the meeting, TV reporters already arrived there and waited for him.

Teruaki said: "The association supports the Abe administration's line of pressuring North Korea. The visit to North Korea by a person who tends to believe whatever the North Koreans say would only have an adverse effect." "I feel something intentional about media reporting seemingly motivated by the desire to split (the association)," Teruaki added.

Masaru Honma, 62, the elder brother of abductee Yaeko Taguchi, abducted at the age of 22, criticized the visit to the North (by Yamasaki) in a strong tone: "I feel strong indignation about Mr. Yamasaki's visit to North Korea. If he had visited it under the delusion that his dialogue with that country will bring results, he will end up damaging our campaign."

6) US gives priority to finding breakthrough in stalled 6-party talks with talks held in places other than in Beijing; Does this mean in effect America's policy toward DPRK has changed?

Takashi Arimoto, Washington

The US and North Korea continued a third-day of talks in Berlin yesterday. It was the first time for the two countries' chief negotiators to the six-party talks on North Korea's nuclear programs to have substantive negotiations in a location other than Beijing, the venue for the six-party talks. This development implies that the Bush administration has now essentially turned around its previous stance toward Pyongyang. Assistant Secretary of State Christopher Hill, chief US negotiator to the six-party talks, is scheduled to travel to Japan, China, and South Korea starting today for the final coordination of views with them in order to restart the six-party talks before the end of the month.

No details of the latest talks were disclosed, but US Deputy Press Secretary of State Casey told a press briefing yesterday: "The talks

were useful and constructive."

According to one official connected with the talks, the talks came at the request of the North Koreans. North Korean Vice Foreign Minister Kim Gye Gwan, chief negotiator to the six-party talks, came up with his country's views in response to the US request made during the six-party talks last December for the North to abandon its nuclear weapons programs. Kim also brought up what his country would request in return for scrapping the programs. Reportedly, they also discussed the issue of whether the US would lift the freeze on North Korea's account at Banco Delta Asia, a Macao bank. The US government is reportedly coming around to finalizing the issue by distinguishing between legal and illegal funds.

A cautious view that illicit activities must not be made a bargaining chip for negotiations is deep rooted in the US, particularly in its Department of the Treasury. But another source connected with the talks said: "In order to move the nuclear issue forward, Secretary of State Rice and other officials are trying to settle the issue by a political decision."

The deputy press secretary emphasized that the talks this time were "a part of the six-party talks." Until recently, the Bush administration, criticizing the US-North Korea Agreed Framework made in 1994 under the Clinton administration, had limited its participation in negotiations with North Korea to multilateral ones.

7) Bolton to Aso: Japan is qualified to become permanent UNSC member

ASAHI (Page 7) (Full)
January 19, 2007

Foreign Minister Aso met with former US Ambassador to the UN Bolton at the Foreign Ministry yesterday.

Bolton highly evaluated the role Japan played as a non-permanent member of the United Nations Security Council (UNSC) over the two years that ended late last year. He then expressed his support for Japan's bid for a permanent membership, saying, "Japan is qualified to become a permanent UNSC member." Aso expressed his appreciation for the United States' stance.

After the meeting, Bolton told reporters regarding the new UNSC reform plan that Japan is now studying, "It is necessary to hammer out a new plan other than the G-4 plan (worked out by four countries, including Japan and Germany).

8) Japan, Russia to launch full-fledged talks on northern territories, energy

ASAHI (Page 1) (Full)
January 19, 2007

The government has decided to start talks between Japanese and Russian diplomatic bureau directors, with the aim of deepening the dialogue with Russia on such bilateral issues as the Northern Territories. Administrative Foreign Vice Minister Shotaro Yachi will attend the first "strategic dialogue" that will start in Moscow on Jan. 23. In addition, top working-level officials in the energy and investment areas will visit Russia around the same time to engage in

talks to set the environment for investment in oil and gas field development. Through these talks, Japan aims to break the impasse in the negotiations on the issue of the Northern Territories, a senior Foreign Ministry official saying, "We will build mutual confidence on both political and economic fronts."

Breakthrough in the territorial negotiations and improvement in relations between Japan and Russia are a major diplomatic challenge for the Abe administration. The planned talks are part of the action

program agreed on between former Prime Minister Koizumi and President Putin agreed in January 2003. The program is structured with six key elements, such as a peace treaty and trade. By sending Yachi, who contributed to improving relations with China and South Korea, the Japanese government will underscore its determination to "have Russia recognize Japan's firm intention," noted a senior ministry official. From the Russian side, First Foreign Vice Minister Andrew Denisov will attend the strategic dialogue. He will engage in talks with Japanese foreign ministry officials for the first time.

On Jan. 24, Resources and Energy Agency Director General Harufumi Mochizuki will arrive in Moscow to exchange views with executives at Gazprom, a Russian government-affiliated company, and hold talks on trade and investment between Japan and Russia. Koizumi and Putin in January 2003 agreed to resume energy talks, but no major progress has been made since then. An official of the Ministry of Economy, Trade and Industry deems the meeting with executives at Gazprom as "the start of periodic talks" between Japan and Russia.

Russia has suspended supplying oil to Europe since the beginning of this year, inviting the European Union's (EU) mistrust. Keeping this in mind, Japan intends to assess the Russian government's strategy on energy in the Far East. A senior Foreign Ministry official defined the series of talks with Russia as "a feeler" to find out its policy.

9) Rush of senior-level visitors to China from ruling coalition aiming to demonstrate diplomatic thaw

ASAHI (Page 4) (Slightly abridged)
January 19, 2007

Many senior members from the ruling parties are expected to visit China. With the start of four-day-trip to Beijing by the Diet Affairs Committee chairmen of the ruling Liberal Democratic Party (LDP) and its junior coalition partner, New Komeito, three executive-level officials plan to visit China. After Prime Minister Shinzo Abe made a trip to China last October soon after taking office, the once deteriorated bilateral relationship under the Koizumi government has been steadily improving. The ruling coalition aims at demonstrating the mood of diplomatic thaw between the two countries by letting its senior members visit China.

"Japan-China relations are important. I want you to do your best," Abe yesterday told LDP Diet Affairs Committee Chairman Toshihiro Nikai and New Komeito Diet Affairs Committee Chairman Yoshio Urushibara at the Prime Minister's Official Residence (Kantei). The two Diet Affairs Committee chairmen told Abe that they were planning to visit China. Abe then promised to entrust them with a letter to deliver.

The purpose of the planned visit to China by the two is to discuss

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with Chinese officials the implementation of an event commemorating the 35th anniversary of normalization of diplomatic ties between the two countries. Nikai stressed: "Under the Abe administration, the Japan-China relationship has begun to normalize. A successful commemoration event will make normalization firm."

Moreover, LDP General Council Chairman Yuya Niwa is now coordinating a schedule for a meeting with Premier Wen Jiabao in Beijing in February. There is also a plan to visit China by LDP Secretary General Hidenao Nakagawa and New Komeito Secretary Kazuo Kitagawa. The rush of party executives from the ruling camp is aimed to prepare for a visit to Japan by Premier Wen slated for April, as well as to invite President Hu Jintao to visit Japan.

A senior ruling coalition member, who is expected to go to China soon, said: "We need to build various communication channels to China." There is the view in the ruling camp that the bilateral ties should not revert to the way they were under the Koizumi government.

Senior-level visitors to China from ruling coalition after Prime

Minister Abe visited China

December 2006 Former LDP Secretary General Koichi Kato Former Defense Agency chief Gen Nakatani Lower House Speaker Yohei Kono
January 2007 New Komeito chief Akihiro Ota LDP's Tsushima faction members: Kenji Kosaka; Ichiro Kamoshita; Yuko Obuchi; Masazumi Gotoda; Wataru Takeshita; Gaku Hashimoto Diet Affairs Committee chairmen: Toshihiro Nikai; Yoshiro Urushibara
February (undecided) LDP General Council Chairman Yuya Niwa
March (undecided) Secretaries general: Hidenao Nakagawa; Kazuo Kitagawa

10) Basic agreement reached on resuming exporting Japanese rice to China

ASAHI (Page 10) (Abridged slightly)
January 19, 2007

Keiko Yoshioka, Beijing

Agriculture, Forestry and Fisheries Minister Toshikatsu Matsuoka, now visiting Beijing, held talks on the morning of Jan. 18 with Li Changjiang, director of China's General Administration of Quality Supervision, Inspection and Quarantine. As a result, the two leaders reached a basic agreement on lifting a ban on imports of Japanese rice by China that have been suspended since 2003. In a press conference later in the day, Matsuoka said: "In Hong Kong, Japanese rice is being sold for 1,000 yen or more per kilo. In China, we will sell Japanese rice as an upscale product, as well." He revealed the government's intention to aim for resuming exporting Japanese rice starting with that produced in 2007.

The government plans to nail down when exports will resume and other conditions before Wen Jiabao visits Japan in April. Besides rice, the government plans to work upon China to import Japanese agricultural products other than pears and apples that are already approved.

The Chinese government changed its quarantine system in February 2003 and banned imports of Japanese rice for fear of vermin infestation. China imported about 1 ton of rice from Japan in 2000.

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Japan has been putting a lot of efforts into rice exports as a symbol of its efforts to promote exports of Japanese farm products.

11) SDF, USFJ to conduct CPX

NIHON KEIZAI (Page 2) (Full)
January 19, 2007

The Defense Ministry announced yesterday that the Self-Defense Forces and US Forces Japan would conduct a joint bilateral command post exercise (CPX), codenamed "Keen Edge," from Jan. 29 through Feb. 8. The CPX will be conducted for the first time in about one year since February last year. It will be carried out with the participation of 1,350 persons from the Defense Intelligence Headquarters and the Ground, Maritime, and Air Self-Defense Forces and 3,100 persons from USFJ. The SDF and USFJ will confirm procedures for joint action in anticipation of emergencies on the Korean Peninsula and in the Taiwan Straits.

12) Gov't to toughen law against nuke terrorism

ASAHI (Page 2) (Abridged)
January 19, 2007

The government will introduce a bill to prevent the dispersal of radioactive material to the Diet in its ordinary session in order to prevent terrorism using radioactive materials, including the nuclear material that could be used to make nuclear bombs. The government will create a law ahead of Japan's ratification of a United Nations convention adopted in 2005 on nuclear terrorism. The legislation is intended to crack down on acts like spreading radioactive material with the intent of terrorism. Such illegalities will be subject to severe punishment, up to life imprisonment.

Under the planned law, the act of detonating nuclear materials will be subject to punishment, according to the Ministry of Education, Culture, Sports, Science and Technology. Other illegal acts subject to punishment include: 1) spreading radioactive substances; 2) mixing radioactive substances in food products for poisoning; and 3) draining radioactive substances for environmental contamination.

As an example to prove "acts with an intent of terrorism," the government anticipates a case where it is clear that one taking part in such acts contacted another by email or other means of communication or otherwise it is clear that such acts were backed with money from someone.

The Nuclear Regulatory Law and the Radiation Disorder Prevention Law stipulate radioactive material controls. However, imprisonment under these two laws is up to 10 years. This bill will stipulate life imprisonment as maximum penalty, as well as the Chemical Weapons Prohibition Law and the Sarin Prevention Law, which stipulate criminal punishment for poisoning.

13) New Komeito's Ota raises questions about LDP's plan to make constitutional revision a campaign issue

TOKYO SHIMBUN (Page 2) (Abridged)
January 19, 2007

New Komeito Representative Akihiro Ota raised questions yesterday about Prime Minister Shinzo Abe's policy, revealed in the Liberal

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Democratic Party convention on Jan. 17, to make constitutional revision a campaign issue for the Upper House election this summer. Ota said: "We should rather make matters closely associated with people's lives campaign issues, such as employment, education, and disparities." He was responding to a reporter in Yokohama.

Ota indicated that specific contents of constitutional revision should be discussed carefully, saying: "Once national referendum legislation is enacted, it's important for a constitutional deliberative council to conduct discussions under the legislation."

The New Komeito initially intended to produce by last fall a plan to add to the Constitution such rights as environmental rights and the right to privacy. The plan has been postponed due to the unclear prospects for enacting national referendum legislation. The party is also calling for upholding Article 9, while Prime Minister Abe is eager to revise it.

In the wake of Abe's indication to make constitutional revision a campaign issue, a senior Komeito lawmaker took this view: "Our party aims for an early enactment of national referendum legislation, but that has nothing to do with constitutional revision." His comment pointed to a lack of unity between the two ruling parties before the election.

14) Government, ruling bloc to give full consideration to further reorganization of government agencies, including establishment of Japanese equivalent of USTR

NIHON KEIZAI (Page 1) (Full)
January 19, 2007

The government and the ruling parties yesterday decided to look into the possibility of further reorganizing government agencies in order to drastically review the current central government ministry and agency system. The aim is to further streamline administrative organizations so as to realize a simplified and effective government, a slogan advocated by Prime Minister Shinzo Abe. Items up for consideration will likely include the establishment of an information and telecommunications ministry combining the information and telecommunications bureaus of the Ministry of Economy, Trade and Industry (METI) and the Ministry of Internal Affairs and Communications (MIC) and a Japanese equivalent of the USTR singularly responsible for trade negotiations with foreign countries.

Commenting on the further reorganization of government agencies, the prime minister underscored to reporters: "The duties of government offices are to provide service to the people. They must be able to cope with changes in situations concerning Japan." Following the prime minister's comment, Liberal Democratic Party Hidenao Nakagawa explained that the prime minister indicated his intention to review the organizations of government agencies from scratch.

Abe last September announced his intention to tackle a plan for further reorganization of government agencies, but concrete consideration to the proposal has not been given yet. He decided to get down to work at this time presumably motivated by the desire to show that his administration is reform-oriented.

Chief Cabinet Secretary Yasuhisa Shiozaki told a news conference, "Some offices were reorganized without detailed discussions in the

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previous reorganization." He thus revealed the government's plan to first probe the effects of the previous reorganization.

As a specific plan, Internal Affairs Minister Suga proposed the idea of establishing an information and telecommunications ministry integrating the information and telecommunications bureaus of METI and MIC so that the nation can cope with global technological innovation.

A plan has also surfaced to set up a foreign trade representative like the USTR by unifying sections responsible for foreign trade negotiations of the Ministry of Foreign Affairs (MOFA), the Ministry of Agriculture, Forestry and Fisheries (MAFF) and METI. The aim is to smoothen trade talks, such as free trade agreement talks.

Another proposal is to integrate the Ministry of Land, Infrastructure and Transport (MLIT), which has grown significantly after the previous reorganization, with MAFF in conjunction with cuts in public works and streamline the integrated entity.

Also on the agenda are: (1) completely spinning off the Securities and Exchange Monitoring Committee from the Financial Services Agency and increasing the number of personnel of the spun-off panel with the aim of strengthening a system to crack down on economic crimes; and (2) integrating and reorganizing the personnel and pension bureaus of the National Personnel Authority when reforming the public servant system.

5) Government, ruling camp welcome BOJ decision not to raise interest rate

NIHON KEIZAI (Page 2) (Excerpts)
January 19, 2007

A number of government and ruling party members welcomed the Bank of Japan's (BOJ) decision not to raise its key short-term interest rate yesterday. They were worried about a negative effect of such a policy switch on the House of Councillors election in July. Even so, they still harbor a strong wariness about a possible decision by the central bank to raise the interest rate in the next session of its policymaking panel. Heated debate on monetary policy is likely to continue.

Prime Minister Shinzo Abe told reporters last night:

"The government and the BOJ share the need for Japan to make efforts to eradicate deflation and put the economy on a solid and stable recovery track. The BOJ made a proper decision."

Finance Minister Koji Omi also told reporters:

"We have basically entrusted specific policy-setting to the BOJ. We respect the decision by the BOJ."

Liberal Democratic Party Secretary General Hidenao Nakagawa said:

"That is an appropriate judgment. Based on the view shared with the

government and from an expert point of view, the central bank made a wise decision,"

New Komeito President Akihiro Ota also defined the BOJ decision as proper.

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16) Global temperature to rise 6.3 degrees: IPCC report

MAINICHI (Top play) (Abridged)
January 19, 2007

The Mainichi Shimbun obtained a draft copy of the fourth assessment report of the United Nations Intergovernmental Panel on Climate Change (IPCC) on global warming. The IPCC report stresses that global warming is certainly taking place with greenhouse effect gas emissions in human activities, judging from a rise in the earth's average temperature and an increase in snow- and ice-melting. The report dismisses skepticism about global warming. According to an IPCC forecast, the earth's average temperature will go up 6.3 degrees and sea levels will rise 58 centimeters late in the current century as long as human beings continue mass consumption that depends on fossil fuel. The report warns that about 3 billion people would face water shortages and many water-based creatures would die out even with a rise of 4 degrees. Meanwhile, the report emphasizes that the temperature's rise would be up to 1 degree and the rise of sea levels also can be held down to 19 centimeters if human beings shift to an eco-friendly society.

17) CEEP adopts five-year policy enabling country to achieve average 3.2% nominal growth

NIHON KEIZAI (Page 1) (Abridged slightly)
January 19, 2007

The Council on Economic and Fiscal Policy (CEFP) chaired by Prime Minister Shinzo Abe adopted yesterday a five-year medium-term economic strategy. The economic strategy, the first time for the Abe administration, aims at bringing the nation's basic fiscal balance into the black by FY2011, restoring fiscal health by achieving high economic growth.

The policy contains a prediction that the country would be able to achieve 3.9% nominal growth in FY2007, up from the earlier prediction of 2.2%, with a 3.2% annual average for the next five fiscal years.

The government will adopt this policy on Jan. 25. Prime Minister Abe told the CEFP yesterday: "The next five years will be extremely important for the Japanese economy to enter a new growth period. I want to see accelerated reform efforts in order to realize the projected scenario."

The policy paper stressed: "By promoting administrative reforms, the country will be able to achieve economic growth of the mid-3% level or more." It also projected that if the government slashed its spending by 14.3 trillion yen in accordance with its 2006 Basic Policies for Economic and Fiscal Management, produced last July, the nation's nominal growth would increase to 3.9% from 2.2% in FY2007.

The strategy also listed four goals: (1) greater growth potential, (2) a society in which people can have second chances, (3) a sound and comfortable society, and (4) administrative and fiscal systems suitable for the 21st century. The strategy also listed a policy to create more opportunities for employing elderly people and job-hopping part-time workers and efforts to create an environment friendly to childrearing.

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SCHIEFFER